

Message Text

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PAGE 01 HONG K 00989 200428Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
SOE-02 OMB-01 DOE-11 /113 W
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R 200400Z JAN 78
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 8661
INFO AMEMBASSY PARIS
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
USLO PEKING
CINCPAC

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CINCPAC FOR POLAD

EO 11652: N/A
TAGS: EMIN, CH
SUBJECT: NATIONAL METALLURGICAL CONFERENCE PLEDGES HIGH-SPEED
EXPANSION OF IRON AND STEEL INDUSTRY

1. SUMMARY: THE PRC METALLURGICAL INDUSTRY'S ANNOUNCED GOAL
IS TO INCREASE IRON AND STEEL OUTPUT BY 4-6 MILLION TONS
ANNUALLY TO THE END OF THE CENTURY. MEDIUM AND SMALL-SCALE
PLANTS CANNOT EXPECT SUBSTANTIAL ADDITIONAL INVESTMENT FROM
THE STATE, FOR AT LEAST THE NEXT YEAR. END SUMMARY

2. REPRESENTATIVES TO THE NATIONAL LEARN-FROM-TACHING CON-
FERENCE OF THE METALLURGICAL INDUSTRY, WHICH CLOSED IN
PEKING JANUARY 17, PLEDGED TO INCREASE IRON AND STEEL OUTPUT
BY 4-6 MILLION TONS ANNUALLY IN AN EFFORT TO SURPASS THE US
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OUTPUT LEVEL BY THE END OF THE CENTURY (PEKING NCNA, JANUARY
17).

3. IN AN EDITORIAL ON THE CONFERENCE, THE PEOPLE'S DAILY
(JANUARY 18) STRESSED THE SOLID FOUNDATION FOR RAPID EXPAN-
SION WHICH HAD BEEN LAID DURING THE PAST YEAR THROUGH
ENDING THE "STAGNANCY AND REGRESSION IN PRODUCTION" OF THE

PAST FEW YEARS. PROBLEMS REMAIN: IN SOME ENTERPRISES CONSUMPTION IS HIGH, OPERATIONS ARE CONDUCTED AT A LOSS, QUALITY IS POOR, INVESTMENT PRODUCES FEW RESULTS, EQUIPMENT IS IN DISREPAIR AND LABOR PRODUCTIVITY IS LOW. NONE-THELESS, THE EDITORIAL EMPHASIZES, THROUGH TECHNICAL INNOVATION, PLAIN HARD WORK AND "WITHOUT ANY ADDITIONAL HELP FROM THE STATE, IRON AND STEEL OUTPUT CAN BE INCREASED THIS YEAR BY MILLIONS OF TONS AND NONFERROUS METALS BY TENS OF THOUSANDS OF TONS."

4. COMMENT: IT IS NOT CLEAR WHETHER THE 4-6 MILLION TON ANNUAL INCREASE REFERS TO COMBINED IRON AND STEEL OUTPUT OR REPRESENTS A PRODUCTION TARGET FOR EACH INDUSTRY SEPARATELY. AN INCREMENTAL ADDITION TO STEEL OUTPUT OF EVEN 4 MILLION TONS ANNUALLY WOULD IMPLY AN INITIAL GROWTH RATE OF SOMETHING ABOVE 16 PERCENT. TO ACHIEVE THIS, THE PRC WOULD HAVE TO DEPEND ON SUBSTANTIAL ADDITIONS TO CAPACITY AT THE LARGE MODERN PLANTS. FROM THE CONTEXT, THE REFERENCE TO NO ADDITIONAL STATE AID IS A CLEAR WARNING TO MEDIUM AND SMALL-SCALE PLANTS THAT THEY CANNOT LOOK TO THE CENTER FOR ADDITIONAL INVESTMENT AT LEAST IN THE COMING YEAR.

5. CONGEN'S ANALYSIS OF PRC STEEL INDUSTRY PERFORMANCE IN 1977 AND PROSPECTS FOR 1978 IS CURRENTLY IN PREPARATION. SHOESMITH

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Message Attributes

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